

FIRST REGULAR SESSION

HOUSE BILL NO. 861

97TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE NETH.

2076H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 169.270, 169.291, 169.301, 169.324, and 169.350, RSMo, and to enact in lieu thereof five new sections relating to the public school retirement system of Kansas City.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 169.270, 169.291, 169.301, 169.324, and 169.350, RSMo, are
2 repealed and five new sections enacted in lieu thereof, to be known as sections 169.270, 169.291,
3 169.301, 169.324, and 169.350, to read as follows:

169.270. Unless a different meaning is clearly required by the context, the following
2 words and phrases as used in sections 169.270 to 169.400 shall have the following meanings:

3 (1) "Accumulated contributions", the sum of all amounts deducted from the
4 compensation of a member or paid on behalf of the member by the employer and credited to the
5 member's individual account together with interest thereon in the employees' contribution fund.
6 The board of trustees shall determine the rate of interest allowed thereon as provided for in
7 section 169.295;

8 (2) "Actuarial equivalent", a benefit of equal value when computed upon the basis of
9 formulas and/or tables which have been approved by the board of trustees. The formulas and
10 tables in effect at any time shall be set forth in a written document which shall be maintained at
11 the offices of the retirement system and treated for all purposes as part of the documents
12 governing the retirement system established by section 169.280. The formulas and tables may
13 be changed from time to time if recommended by the retirement system's actuary and approved
14 by the board of trustees;

15 (3) "Average final compensation", the highest average annual compensation received for
16 any four consecutive years of service. In determining whether years of service are "consecutive",

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 only periods for which creditable service is earned shall be considered, and all other periods shall
18 be disregarded;

19 (4) "Beneficiary", any person designated by a member for a retirement allowance or other
20 benefit as provided by sections 169.270 to 169.400;

21 (5) "Board of education", the board of directors or corresponding board, by whatever
22 name, having charge of the public schools of the school district in which the retirement system
23 is established;

24 (6) "Board of trustees", the board provided for in section 169.291 to administer the
25 retirement system;

26 (7) "Break in service", an occurrence when a regular employee ceases to be a regular
27 employee for any reason other than retirement (including termination of employment,
28 resignation, or furlough but not including vacation, sick leave, excused absence or leave of
29 absence granted by an employer) and such person does not again become a regular employee
30 until after sixty consecutive calendar days have elapsed, or after fifteen consecutive school or
31 work days have elapsed, whichever occurs later. A break in service also occurs when a regular
32 employee retires under the retirement system established by section 169.280 and does not again
33 become a regular employee until after fifteen consecutive school or work days have elapsed. A
34 "school or work day" is a day on which the employee's employer requires (or if the position no
35 longer exists, would require, based on past practice) employees having the former employee's
36 last job description to report to their place of employment for any reason;

37 (8) "Charter school", any charter school established pursuant to sections 160.400 to
38 160.420 and located, at the time it is established, within the school district;

39 (9) "Compensation", the regular compensation as shown on the salary and wage
40 schedules of the employer, including any amounts paid by the employer on a member's behalf
41 pursuant to subdivision (5) of subsection 1 of section 169.350, but such term is not to include
42 extra pay, overtime pay, consideration for entering into early retirement, or any other payments
43 not included on salary and wage schedules. For any year beginning after December 31, 1988,
44 the annual compensation of each member taken into account under the retirement system shall
45 not exceed the limitation set forth in Section 401(a)(17) of the Internal Revenue Code of 1986,
46 as amended;

47 (10) "Creditable service", the amount of time that a regular employee is a member of the
48 retirement system and makes contributions thereto in accordance with the provisions of sections
49 169.270 to 169.400;

50 (11) "Employee", any person who is classified by the school district, a charter school,
51 the library district or the retirement system established by section 169.280 as an employee of
52 such employer and is reported contemporaneously for federal and state tax purposes as an

53 employee of such employer. A person is not considered to be an employee for purposes of such
54 retirement system with respect to any service for which the person was not reported
55 contemporaneously for federal and state tax purposes as an employee of such employer,
56 regardless of whether the person is or may later be determined to be or to have been a common
57 law employee of such employer, including but not limited to a person classified by the employer
58 as independent contractors and persons employed by other entities which contract to provide staff
59 and services to the employer. In no event shall a person reported for federal tax purposes as an
60 employee of a private, for-profit entity be deemed to be an employee eligible to participate in the
61 retirement system established by section 169.280 with respect to such employment;

62 (12) "Employer", the school district, any charter school, the library district, or the
63 retirement system established by section 169.280, or any combination thereof, as required by the
64 context to identify the employer of any member, or, for purposes only of subsection 2 of section
65 169.324, of any retiree;

66 (13) "Employer's board", the board of education, the governing board of any charter
67 school, the board of trustees of the library district, the board of trustees, or any combination
68 thereof, as required by the context to identify the governing body of an employer;

69 (14) "Library district", any urban public library district created from or within a school
70 district under the provisions of section 182.703;

71 (15) "Medical board", the board of physicians provided for in section 169.291;

72 (16) "Member", any person who is a regular employee after the retirement system has
73 been established hereunder ("active member"), and any person who (i) was an active member,
74 (ii) has vested retirement benefits hereunder, and (iii) is not receiving a retirement allowance
75 hereunder ("inactive member"). **A person shall cease to be a member if the person has a**
76 **break in service before earning any vested retirement benefits or if the person withdraws**
77 **his or her accumulated contributions from the retirement system;**

78 (17) "Minimum normal retirement age", **for any member who retires before January**
79 **1, 2014, or who is a member of the retirement system on December 31, 2013, and remains**
80 **a member continuously to retirement**, the earlier of the date the member attains the age of
81 sixty or the date the member has a total of at least seventy-five credits, with each year of
82 creditable service and each year of age equal to one credit[,] **and** with both years of creditable
83 service and years of age prorated for fractional years; **for any person who becomes a member**
84 **of the retirement system on or after January 1, 2014, including any person who was**
85 **previously a member of the retirement system before January 1, 2014, but ceased to be a**
86 **member for any reason other than retirement**, the earlier of the date the member attains
87 **the age of sixty-two or the date the member has a total of at least eighty credits, with each**

88 **year of creditable service and each year of age equal to one credit and with both years of**
89 **creditable service and years of age prorated for fractional years;**

90 (18) "Prior service", service prior to the date the system becomes operative which is
91 creditable in accordance with the provisions of section 169.311. Prior service in excess of
92 thirty-eight years shall be considered thirty-eight years;

93 (19) "Regular employee", any employee who is assigned to an established position which
94 requires service of not less than twenty-five hours per week, and not less than nine calendar
95 months a year. Any regular employee who is subsequently assigned without break in service to
96 a position demanding less service than is required of a regular employee shall continue the
97 employee's status as a regular employee. Except as stated in the preceding sentence, a temporary,
98 part-time, or furloughed employee is not a regular employee;

99 (20) "Retirant", a former member receiving a retirement allowance hereunder;

100 (21) "Retirement allowance", annuity payments to a retirant or to such beneficiary as is
101 entitled to same;

102 (22) "School district", any school district in which a retirement system shall be
103 established under section 169.280.

169.291. 1. The general administration and the responsibility for the proper operation
2 of the retirement system are hereby vested in a board of trustees of twelve persons who shall be
3 resident taxpayers of the school district, as follows:

4 (1) Four trustees to be appointed for terms of four years by the board of education;
5 provided, however, that the terms of office of the first four trustees so appointed shall begin
6 immediately upon their appointment and shall expire one, two, three and four years from the date
7 the retirement system becomes operative, respectively;

8 (2) Four trustees to be elected for terms of four years by and from the members of the
9 retirement system; provided, however, that the terms of office of the first four trustees so elected
10 shall begin immediately upon their election and shall expire one, two, three and four years from
11 the date the retirement system becomes operative, respectively;

12 (3) The ninth trustee shall be the superintendent of schools of the school district;

13 (4) The tenth trustee shall be one retirant of the retirement system elected for a term of
14 four years beginning the first day of January immediately following August 13, 1986, by the
15 retirants of the retirement system;

16 (5) The eleventh trustee shall be appointed for a term of four years beginning the first
17 day of January immediately following August 13, 1990, by the board of trustees described in
18 subdivision (3) of section 182.701;

19 (6) The twelfth trustee shall be a retirant of the retirement system elected for a term of
20 four years beginning the first day of January immediately following August 28, 1992, by the
21 retirants of the retirement system.

22 2. If a vacancy occurs in the office of a trustee, the vacancy shall be filled for the
23 unexpired term in the same manner as the office was previously filled, except that the board of
24 trustees may appoint a qualified person to fill the vacancy in the office of an elected member
25 until the next regular election at which time a member shall be elected for the unexpired term.
26 No vacancy or vacancies on the board of trustees shall impair the power of the remaining trustees
27 to administer the retirement system pending the filling of such vacancy or vacancies.

28 3. In the event of a lapse of the school district's corporate organization as described in
29 subsections 1 and 4 of section 162.081, the general administration and responsibility for the
30 proper operation of the retirement system shall continue to be vested in a twelve-person board
31 of trustees, all of whom shall be resident taxpayers of a city, other than a city not within a county,
32 of four hundred thousand or more. In such event, if vacancies occur in the offices of the four
33 trustees appointed, prior to the lapse, by the board of education, or in the offices of the four
34 trustees elected, prior to the lapse, by the members of the retirement system, or in the office of
35 trustee held, prior to the lapse, by the superintendent of schools in the school district, as provided
36 in subdivisions (1), (2) and (3) of subsection 1 of this section, the board of trustees shall appoint
37 a qualified person to fill each vacancy and subsequent vacancies in the office of trustee for terms
38 of up to four years, as determined by the board of trustees.

39 4. Each trustee shall, before assuming the duties of a trustee, take the oath of office
40 before the court of the judicial circuit or one of the courts of the judicial circuit in which the
41 school district is located that so far as it devolves upon the trustee, such trustee shall diligently
42 and honestly administer the affairs of the board of trustees and that the trustee will not knowingly
43 violate or willingly permit to be violated any of the provisions of the law applicable to the
44 retirement system. Such oath shall be subscribed to by the trustee making it and filed in the
45 office of the clerk of the circuit court.

46 5. Each trustee shall be entitled to one vote in the board of trustees. Seven trustees shall
47 constitute a quorum at any meeting of the board of trustees. At any meeting of the board of
48 trustees where a quorum is present, the vote of at least seven of the trustees in support of a
49 motion, resolution or other matter is necessary to be the decision of the board; provided,
50 however, that in the event of a lapse in the school district's corporate organization as described
51 in subsections 1 and 4 of section 162.081, a majority of the trustees then in office shall constitute
52 a quorum at any meeting of the board of trustees, and the vote of a majority of the trustees then
53 in office in support of a motion, resolution or other matter shall be necessary to be the decision
54 of the board.

55 6. The board of trustees shall have exclusive original jurisdiction in all matters relating
56 to or affecting the funds herein provided for, including, in addition to all other matters, all claims
57 for benefits or refunds, and its action, decision or determination in any matter shall be reviewable
58 in accordance with chapter 536 or chapter 621. Subject to the limitations of sections 169.270
59 to 169.400, the board of trustees shall, from time to time, establish rules and regulations for the
60 administration of funds of the retirement system, for the transaction of its business, and for the
61 limitation of the time within which claims may be filed.

62 7. The trustees shall serve without compensation. The board of trustees shall elect from
63 its membership a chairman and a vice chairman. The board of trustees shall appoint an executive
64 director who shall serve as the administrative officer of the retirement system and as secretary
65 to the board of trustees. It shall employ one or more persons, firms or corporations experienced
66 in the investment of moneys to serve as investment counsel to the board of trustees. The
67 compensation of all persons engaged by the board of trustees and all other expenses of the board
68 necessary for the operation of the retirement system shall be paid at such rates and in such
69 amounts as the board of trustees shall approve, and shall be paid from the investment income.

70 8. The board of trustees shall keep in convenient form such data as shall be necessary
71 for actuarial valuations of the various funds of the retirement system and for checking the
72 experience of the system.

73 9. The board of trustees shall keep a record of all its proceedings which shall be open to
74 public inspection. It shall prepare annually and furnish to the board of education and to each
75 member of the retirement system who so requests a report showing the fiscal transactions of the
76 retirement system for the preceding fiscal year, the amount of accumulated cash and securities
77 of the system, and the last balance sheet showing the financial condition of the system by means
78 of an actuarial valuation of the assets and liabilities of the retirement system.

79 10. The board of trustees shall have, in its own name, power to sue and to be sued, to
80 enter into contracts, to own property, real and personal, and to convey the same; but the members
81 of such board of trustees shall not be personally liable for obligations or liabilities of the board
82 of trustees or of the retirement system.

83 11. The board of trustees shall arrange for necessary legal advice for the operation of the
84 retirement system.

85 12. The board of trustees shall designate a medical board to be composed of three or
86 more physicians who shall not be eligible for membership in the system and who shall pass upon
87 all medical examinations required under the provisions of sections 169.270 to 169.400, shall
88 investigate all essential statements and certificates made by or on behalf of a member in
89 connection with an application for disability retirement and shall report in writing to the board
90 of trustees its conclusions and recommendations upon all matters referred to it.

91 13. The board of trustees shall designate an actuary who shall be the technical advisor
92 of the board of trustees on matters regarding the operation of the retirement system and shall
93 perform such other duties as are required in connection therewith. Such person shall be qualified
94 as an actuary by membership as a Fellow of the Society of Actuaries or by similar objective
95 standards.

96 14. At least once in each five-year period the actuary shall make an investigation into the
97 actuarial experience of the members, retirants and beneficiaries of the retirement system and,
98 taking into account the results of such investigation, the board of trustees shall adopt for the
99 retirement system such actuarial assumptions as the board of trustees deems necessary for the
100 financial soundness of the retirement system.

101 15. On the basis of such actuarial assumptions as the board of trustees adopts, the actuary
102 shall make annual valuations of the assets and liabilities of the funds of the retirement system.

103 16. The rate of contribution payable by the [employer] **employers** shall equal one and
104 ninety-nine one-hundredths percent, effective July 1, 1993; three and ninety-nine one-hundredths
105 percent, effective July 1, 1995; five and ninety-nine one-hundredths percent, effective July 1,
106 1996; seven and one-half percent effective January 1, 1999, and for [all] subsequent **calendar**
107 years **through 2013. For calendar year 2014 and each subsequent year, the rate of**
108 **contribution payable by the employers for each year shall be determined by the actuary**
109 **for the retirement system in the manner provided in subsection 4 of section 169.350 and**
110 **shall be certified by the board of trustees to the employers at least six months prior to the**
111 **date such rate is to be effective.**

112 17. In the event of a lapse of a school district's corporate organization as described in
113 subsections 1 and 4 of section 162.081, no retirement system, nor any of the assets of any
114 retirement system, shall be transferred to or merged with another retirement system without prior
115 approval of such transfer or merge by the board of trustees of the retirement system.

 169.301. 1. Any active member who has completed five or more years of actual (not
2 purchased) creditable service shall be entitled to a vested retirement benefit equal to the annual
3 service retirement allowance provided in sections 169.270 to 169.400 payable after attaining the
4 minimum normal retirement age and calculated in accordance with the law in effect on the last
5 date such person was a regular employee; provided, that such member does not withdraw such
6 person's accumulated contributions pursuant to section 169.328 prior to attaining the minimum
7 normal retirement age.

8 2. Any member who elected on October 13, 1961, or within thirty days thereafter, to
9 continue to contribute and to receive benefits under sections 169.270 to 169.400 may continue
10 to be a member of the retirement system under the terms and conditions of the plan in effect
11 immediately prior to October 13, 1961, or may, upon written request to the board of trustees,

12 transfer to the present plan, provided that the member pays into the system any additional
13 contributions with interest the member would have credited to the member's account if such
14 person had been a member of the current plan since its inception or, if the person's contributions
15 and interest are in excess of what the person would have paid, such person will receive a refund
16 of such excess. The board of trustees shall adopt appropriate rules and regulations governing the
17 operation of the plan in effect immediately prior to October 13, 1961.

18 3. Should a retirant again become an active member, such person's retirement allowance
19 payments shall cease during such membership and shall be recalculated upon subsequent
20 retirement to include any creditable service earned during the person's latest period of active
21 membership in accordance with subsection 2 of section 169.324.

22 4. In the event of the complete termination of the retirement system established by
23 section 169.280 or the complete discontinuance of contributions to such retirement system, the
24 rights of all members to benefits accrued to the date of such termination or discontinuance, to
25 the extent then funded, shall be fully vested and nonforfeitable.

26 5. If a member leaves employment with an employer to perform qualified military
27 service, as defined in Section 414(u) of the Internal Revenue Code of 1986, as amended, and dies
28 while in such service, the member's survivors shall be entitled to any additional benefits (other
29 than benefit accruals relating to the period of qualified military service) that would have been
30 provided had the member resumed employment with the employer and then terminated on
31 account of death in accordance with the requirements of Sections [407(a)(37)] **401(a)(37)** and
32 414(u) of the Internal Revenue Code of 1986, as amended. In such event, the member's period
33 of qualified military [services] **service** shall be counted as creditable service for purposes of
34 vesting but not for purposes of determining the amount of the member's retirement allowance.

169.324. 1. The annual service retirement allowance payable pursuant to section
2 169.320 [in equal monthly installments for life shall be the retirant's number of years of
3 creditable service multiplied by one and three-fourths percent of the person's average final
4 compensation, subject to a maximum of sixty percent of the person's average final compensation.
5 For any member who retires as an active member on or after June 30, 1999, the annual service
6 retirement allowance payable pursuant to section 169.320 in equal monthly installments for life
7 shall be the retirant's number of years of creditable service multiplied by two percent of the
8 person's average final compensation, subject to a maximum of sixty percent of the person's
9 average final compensation. Any member whose number of years of creditable service is greater
10 than thirty-four and one-quarter on August 28, 1993, shall receive an annual service retirement
11 allowance payable pursuant to section 169.320 in equal monthly installments for life equal to the
12 retirant's number of years of creditable service as of August 28, 1993, multiplied by one and
13 three-fourths percent of the person's average final compensation but shall not receive a greater

14 annual service retirement allowance based on additional years of creditable service after August
15 28, 1993. Provided, however, that,] **shall be the retirant's number of years of creditable**
16 **service multiplied by a percentage of the retirant's average final compensation, determined**
17 **as follows:**

18 (1) A retirant whose last employment as a regular employee ended prior to June
19 30, 1999, shall receive an annual service retirement allowance payable pursuant to section
20 169.320 in equal monthly installments for life equal to the retirant's number of years of
21 creditable service multiplied by one and three-fourths percent of the person's average final
22 compensation, subject to a maximum of sixty percent of the person's average final
23 compensation;

24 (2) A retirant whose number of years of creditable service is greater than thirty-
25 four and one-quarter on August 28, 1993, shall receive an annual service retirement
26 allowance payable pursuant to section 169.320 in equal monthly installments for life equal
27 to the retirant's number of years of creditable service as of August 28, 1993, multiplied by
28 one and three-fourths percent of the person's average final compensation but shall not
29 receive a greater annual service retirement allowance based on additional years of
30 creditable service after August 28, 1993;

31 (3) A retirant who was an active member of the retirement system at any time on
32 or after June 30, 1999, and who either retires before January 1, 2014, or is a member of the
33 retirement system on December 31, 2013, and remains a member continuously to
34 retirement shall receive an annual service retirement allowance payable pursuant to
35 section 169.320 in equal monthly installments for life equal to the retirant's number of
36 years of creditable service multiplied by two percent of the person's average final
37 compensation, subject to a maximum of sixty percent of the person's final compensation;

38 (4) A retirant who becomes a member of the retirement system on or after January
39 1, 2014, including any retirant who was a member of the retirement system before January
40 1, 2014, but ceased to be a member for any reason other than retirement, shall receive an
41 annual service retirement allowance payable pursuant to section 169.320 in equal monthly
42 installments for life equal to the retirant's number of years of creditable service multiplied
43 by one and three-fourths percent of the person's average final compensation, subject to a
44 maximum of sixty percent of the person's average final compensation;

45 (5) Notwithstanding the provisions of subdivisions (1) to (4) of this subsection,
46 effective January 1, 1996, any [retiree] **retirant** who retired on, before or after January 1, 1996,
47 with at least twenty years of creditable service shall receive at least three hundred dollars each
48 month as a retirement allowance, or the actuarial equivalent thereof if the [retiree] **retirant**
49 elected any of the options available under section 169.326. [Provided, further, any retiree] **Any**

50 **retirant** who retired with at least ten years of creditable service shall receive at least one hundred
51 fifty dollars each month as a retirement allowance, plus fifteen dollars for each additional full
52 year of creditable service greater than ten years but less than twenty years (or the actuarial
53 equivalent thereof if the [retiree] **retirant** elected any of the options available under section
54 169.326). Any beneficiary of a deceased [retiree] **retirant** who retired with at least ten years of
55 creditable service and elected one of the options available under section 169.326 shall also be
56 entitled to the actuarial equivalent of the minimum benefit provided by this subsection,
57 determined from the option chosen.

58 2. Except as otherwise provided in sections 169.331, 169.580 and 169.585, payment of
59 a retirant's retirement allowance will be suspended for any month for which such person receives
60 remuneration from the person's employer or from any other employer in the retirement system
61 established by section 169.280 for the performance of services except any such person other than
62 a person receiving a disability retirement allowance under section 169.322 may serve as a
63 nonregular substitute, part-time or temporary employee for not more than six hundred hours in
64 any school year without becoming a member and without having the person's retirement
65 allowance discontinued, provided that through such substitute, part-time, or temporary
66 employment, the person may earn no more than fifty percent of the annual salary or wages the
67 person was last paid by the employer before the person retired and commenced receiving a
68 retirement allowance, adjusted for inflation. If a person exceeds such hours limit or such
69 compensation limit, payment of the person's retirement allowance shall be suspended for the
70 month in which such limit was exceeded and each subsequent month in the school year for which
71 the person receives remuneration from any employer in the retirement system. If a retirant is
72 reemployed by any employer in any capacity, whether pursuant to this section, or section
73 169.331, 169.580, or 169.585, or as a regular employee, the amount of such person's retirement
74 allowance attributable to service prior to the person's first retirement date shall not be changed
75 by the reemployment. If the person again becomes an active member and earns additional
76 creditable service, upon the person's second retirement the person's retirement allowance shall
77 be the sum of:

78 (1) The retirement allowance the person was receiving at the time the person's retirement
79 allowance was suspended, pursuant to the payment option elected as of the first retirement date,
80 plus the amount of any increase in such retirement allowance the person would have received
81 pursuant to subsection 3 of this section had payments not been suspended during the person's
82 reemployment; and

83 (2) An additional retirement allowance computed using the benefit formula in effect on
84 the person's second retirement date, the person's creditable service following reemployment, and
85 the person's average final annual compensation as of the second retirement date. The sum

86 calculated pursuant to this subsection shall not exceed the greater of sixty percent of the person's
87 average final compensation as of the second retirement date or the amount determined pursuant
88 to subdivision (1) of this subsection. Compensation earned prior to the person's first retirement
89 date shall be considered in determining the person's average final compensation as of the second
90 retirement date if such compensation would otherwise be included in determining the person's
91 average final compensation.

92 3. The board of trustees shall determine annually whether the investment return on funds
93 of the system can provide for an increase in benefits for retirants eligible for such increase. A
94 retirant shall and will be eligible for an increase awarded pursuant to this section as of the second
95 January following the date the retirant commenced receiving retirement benefits. Any such
96 increase shall also apply to any monthly joint and survivor retirement allowance payable to such
97 retirant's beneficiaries, regardless of age. The board shall make such determination as follows:

98 (1) After determination by the actuary of the investment return for the preceding year as
99 of December thirty-first (the "valuation year"), the actuary shall recommend to the board of
100 trustees what portion of the investment return is available to provide such benefits increase, if
101 any, and shall recommend the amount of such benefits increase, if any, to be implemented as of
102 the first day of the thirteenth month following the end of the valuation year, and [the] first
103 payable on or about the first day of the fourteenth month following the end of the valuation year.
104 The actuary shall make such recommendations so as not to affect the financial soundness of the
105 retirement system, recognizing the following safeguards:

106 (a) The retirement system's funded ratio as of January first of the year preceding the year
107 of a proposed increase shall be at least one hundred percent after adjusting for the effect of the
108 proposed increase. The funded ratio is the ratio of assets to the pension benefit obligation;

109 (b) The actuarially required contribution rate, after adjusting for the effect of the
110 proposed increase, may not exceed the [statutory] **then applicable employer and member**
111 **contribution rate as determined under subsection 4 of section 169.350;**

112 (c) The actuary shall certify to the board of trustees that the proposed increase will not
113 impair the actuarial soundness of the retirement system;

114 (d) A benefit increase, under this section, once awarded, cannot be reduced in succeeding
115 years;

116 (2) The board of trustees shall review the actuary's recommendation and report and shall,
117 in their discretion, determine if any increase is prudent and, if so, shall determine the amount of
118 increase to be awarded.

119 4. This section does not guarantee an annual increase to any retirant.

120 5. If an inactive member becomes an active member after June 30, 2001, and after a
121 break in service, unless the person earns at least four additional years of creditable service

without another break in service, upon retirement the person's retirement allowance shall be calculated separately for each separate period of service ending in a break in service. The retirement allowance shall be the sum of the separate retirement allowances computed for each such period of service using the benefit formula in effect, the person's average final compensation as of the last day of such period of service and the creditable service the person earned during such period of service; provided, however, if the person earns at least four additional years of creditable service without another break in service, all of the person's creditable service prior to and including such service shall be aggregated and, upon retirement, the retirement allowance shall be computed using the benefit formula in effect and the person's average final compensation as of the last day of such period of four or more years and all of the creditable service the person earned prior to and during such period.

6. Notwithstanding anything contained in this section to the contrary, the amount of the annual service retirement allowance payable to any retirant pursuant to the provisions of sections 169.270 to 169.400, including any adjustments made pursuant to subsection 3 of this section, shall at all times comply with the provisions and limitations of Section 415 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder, the terms of which are specifically incorporated herein by reference.

7. All retirement systems established by the laws of the state of Missouri shall develop a procurement action plan for utilization of minority and women money managers, brokers and investment counselors. Such retirement systems shall report their progress annually to the joint committee on public employee retirement and the governor's minority advocacy commission.

169.350. 1. All of the assets of the retirement system (other than tangible real or personal property owned by the retirement system for use in carrying out its duties, such as office supplies and furniture) shall be credited, according to the purpose for which they are held, in either the employees' contribution fund or the general reserve fund.

(1) The employees' contribution fund shall be the fund in which shall be accumulated the contributions of the members. The employer shall, except as provided in subdivision (5) of this subsection, cause to be deducted from the compensation of each member on each and every payroll, for each and every payroll period, the pro rata portion of five and nine-tenths percent of his annualized compensation. Effective January 1, 1999, **through December 31, 2013**, the employer shall deduct an additional one and six-tenths percent of the member's annualized compensation. **For 2014 and for each subsequent year, the employer shall deduct from each member's annualized compensation the rate of contribution determined for such year by the actuary for the retirement system in the manner provided in subsection 4 of this section.**

15 (2) The employer shall pay all such deductions and any amount it may elect to pay
16 pursuant to subdivision (5) of this subsection to the retirement system at once. The retirement
17 system shall credit such deductions and such amounts to the individual account of each member
18 from whose compensation the deduction was made or with respect to whose compensation the
19 amount was paid pursuant to subdivision (5) of this subsection. In determining the deduction
20 for a member in any payroll period, the board of trustees may consider the rate of compensation
21 payable to such member on the first day of the payroll period as continuing throughout such
22 period.

23 (3) The deductions provided for herein are declared to be a part of the compensation of
24 the member and the making of such deductions shall constitute payments by the member out of
25 the person's compensation and such deductions shall be made notwithstanding that the amount
26 actually paid to the member after such deductions is less than the minimum compensation
27 provided by law for any member. Every member shall be deemed to consent to the deductions
28 made and provided for herein, and shall receipt for the person's full compensation, and the
29 making of the deduction and the payment of compensation less the deduction shall be a full and
30 complete discharge and acquittance of all claims and demands whatsoever for services rendered
31 during the period covered by the payment except as to benefits provided by sections 169.270 to
32 169.400.

33 (4) The accumulated contributions with interest of a member withdrawn by the person
34 or paid to the person's estate or designated beneficiary in the event of the person's death before
35 retirement shall be paid from the employees' contribution fund. Upon retirement of a member
36 the member's accumulated contributions with interest shall be transferred from the employees'
37 contribution fund to the general reserve fund.

38 (5) The employer may elect to pay on behalf of all members all or part of the amount that
39 the members would otherwise be required to contribute to the employees' contribution fund
40 pursuant to subdivision (1) of this subsection. Such amounts paid by the employer shall be in
41 lieu of members' contributions and shall be treated for all purposes of sections 169.270 to
42 169.400 as contributions made by members. Notwithstanding any other provision of this chapter
43 to the contrary, no member shall be entitled to receive such amounts directly. The election shall
44 be made by a duly adopted resolution of the employer's board and shall remain in effect for at
45 least one year from the effective date thereof. The election may be thereafter terminated only by
46 an affirmative act of the employer's board notwithstanding any limitation in the term thereof in
47 the adopting resolution. Any such termination resolution shall be adopted at least sixty days
48 prior to the effective date thereof, and the effective date thereof shall coincide with a fiscal
49 year-end of the employer. In the absence of such a termination resolution, the election shall
50 remain in effect from fiscal year to fiscal year.

51 2. The general reserve fund shall be the fund in which shall be accumulated all reserves
52 for the payment of all benefit expenses and other demands whatsoever upon the retirement
53 system except those items heretofore allocated to the employees' contribution fund.

54 (1) All contributions by the employer, except those the employer elects to make on
55 behalf of the members pursuant to subdivision (5) of subsection 1 of this section, shall be
56 credited to the general reserve fund.

57 (2) Should a retirant be restored to active service and again become a member of the
58 retirement system, the excess, if any, of the person's accumulated contributions over benefits
59 received by the retirant shall be transferred from the general reserve fund to the employees'
60 contribution fund and credited to the person's account.

61 3. Gifts, devises, bequests and legacies may be accepted by the board of trustees and
62 deposited in the general reserve fund to be held, invested and used at its discretion for the benefit
63 of the retirement system except where specific direction for the use of a gift is made by a donor.

64 **4. Beginning in 2013, the actuary for the retirement system shall annually calculate**
65 **the rate of employer contributions and member contributions for 2014 and for each**
66 **subsequent calendar year, expressed as a level percentage of the annualized compensation**
67 **of the members, subject to the following:**

68 (1) The rate of contribution for any calendar year shall be determined based on an
69 actuarial valuation of the retirement system as of the first day of the prior calendar year.
70 Such actuarial valuation shall be performed using the actuarial cost method and actuarial
71 assumptions adopted by the board of trustees and in accordance with accepted actuarial
72 standards of practice in effect at the time the valuation is performed, as promulgated by
73 the actuarial standards board or its successor;

74 (2) The target combined employer and member contribution rate shall be the
75 amount actuarially required to cover the normal cost and amortize any unfunded accrued
76 actuarial liability over a period that shall not exceed thirty years from the date of the
77 valuation;

78 (3) The target combined rate as so determined shall be allocated equally between
79 the employer contribution rate and the member contribution rate, provided, however, that
80 the level rate of contributions to be paid by the employers and the level rate of
81 contributions to be deducted from the compensation of members for any calender year
82 shall each be limited as follows:

83 (a) The contribution rate shall not be less than seven and one-half percent;

84 (b) The contribution rate shall not exceed nine percent; and

85 **(c) Changes in the contribution rate from year to year shall be in increments of one-**
86 **half percent such that the contribution rate for any year shall not be greater than or less**
87 **than the rate in effect for the prior year by more than one-half percent;**

88 **(4) The board of trustees shall certify to the employers the contribution rate for the**
89 **following calendar year no later than six months prior to the date such rate is to be**
90 **effective.**

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